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SUBJECT: SCIRI STRATEGIC DIALOGUE: ECONOMIC MEETING

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

¶1. (C) Summary: At the first meeting of the US-SCIRI economic dialogue, both sides agreed on the need to coordinate economic activities with local partnership and engagement. Much of the discussion focused on the need to understand economic policy and to implement USG activities within a framework of Iraqi economic priorities. The May 9 meeting's SCIRI representatives consisted of Vice President Adel Abdul Mehdi as chair, Minister of Finance Bayan Jabr, Council of Representatives Member Abdul Kareem Al-Nakib, Baghdad Mayor Sabir al-Esawi and VP Advisor Mohammed Ali Al-Hakim. (Note Sabir al-Esawi has been nominated by the Prime Minister to be the new Minister of Agriculture. End note.) Aziz Jafar joined the group towards the end of the meeting. The U.S. side consisted of the Economic Counselor as chair, USAID Director, ITAO Deputy Director for Finance, and EconOff. The committee agreed to meet the following week; this discussion will focus on U.S. economic strategy and activities in Iraq, and how these relate to SCIRI priorities. End summary.

SUCCESSFUL WORK INVOLVES PARTNERSHIPS

¶2. (C) The Vice President opened the session by welcoming the opportunity to discuss economic activities and strategies. He noted that the Iraqi participants of this dialogue were representing SCIRI rather than speaking as part of representatives of the Iraqi government, although most of them also hold important roles in the GOI. Bayan Jabr noted the importance of developing the economy for all Iraqis, rather than for any one group, and emphasized the relationship between better public services and improving the political situation. He recommended small discrete projects that could be used as successful examples. Sabir al-Esawi said that coordination between different groups was the most important aspect of successful work, noting that some USG activities do not always seem coordinated internally. USAID Director said that the most successful projects that USAID has done have involved close local partners. EconCouns requested feedback and assistance in finding local partners from the SCIRI representatives.

FITTING ACTIVITIES INTO AN ECONOMIC STRATEGY

¶3. (C) Vice President Adel Abdul Mehdi suggested the following points as the basis for future discussion: overview of USG economic activities within an overall economic strategy; isolating and understanding problems faced by the USG and by SCIRI; developing the capacity of civil society organizations and building links with other institutions; building a greater partnership with the US to develop a healthy legal framework for growth. He also noted SCIRI's

influence in several Iraqi provinces and said that this presence could assist in USG activities. Abdul Kareem Al-Nakib raised the need for implementing regulations to develop a legal framework that promotes economic growth.

14. (C) EconCouns agreed that these issues are important and noted that the USG is also going through a process of revising its economic strategy in Iraq. Resource constraints will focus efforts on strategic projects requiring local-level contributions, he said, and USG priorities included the oil and gas sector, improving GOI budget execution, diversifying the economy. More Provincial Reconstruction Teams were one new mechanism for this work, as was the International Compact with Iraq, which could be used to engage more international donors. He also encouraged SCIRI to resist expanding the public sector at the expense of a robust private sector. ITAO Deputy Director for Finance concurred that the remaining large amounts of reconstruction funds are tied to ongoing projects. He and the USAID Director both noted that Iraqi priorities and the national development strategy should inform our project choices going forward.

NEXT STEPS

15. (C) The group agreed to meet the following week, using the USG's economic strategy and planned activities as the basis for discussion. Certainly SCIRI's contribution and assistance with local engagement would be valuable to our efforts in Iraq. Gaining the political party's support for economic policies that promote healthy economic growth and a robust private sector would also be very useful. It is clear that there is a great deal of confusion as to what the USG is

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doing to help Iraq's economy, and this dialogue can be an effective way to inform Iraqis about our work.
CROCKER